



# Phase I – Final Report

## *Restructuring Assistance and Policy Advice for the Ministry of Agriculture and Food of the Republic of Georgia Task Order*

Under the Broadening Access and Strengthening Input Market  
Systems (BASIS) IQC, LAG-I-00-98-00026-00, Task Order  
#804 for USAID/Caucasus.

**Development *Alternatives*, Inc.**

7250 Woodmont Avenue, Suite 200, Bethesda, Maryland 20814  
Tel: (301) 718-8699 Fax: (301) 718-7968 Email: [info@dai.com](mailto:info@dai.com)



Development *Alternatives*, Inc.



Restructuring Assistance and Policy Advice for the Ministry of Agriculture and Food of  
Georgia

Contract No. LAG-I-00-98-00026-00, Task Order 804  
BASIS IQC

## PHASE I FINAL REPORT

Don Van Atta  
Advisor to the Minister of Agriculture and Food of Georgia

## **CONTENTS**

<b>MISSION .....</b>	<b>4</b>
<b>MAJOR ACHIEVEMENTS DURING PHASE I.....</b>	<b>4</b>
<b>PROJECT BACKGROUND.....</b>	<b>1</b>
<b>STRATEGY FOR MINISTRY REFORM.....</b>	<b>2</b>
<b>PROJECT INCEPTION AND ORGANIZATION .....</b>	<b>3</b>
<b>MINISTRY REORGANIZATION DURING PHASE I.....</b>	<b>5</b>
<b>RESOLVING OUTSTANDING RISKS TO MINISTRY.....</b>	<b>8</b>
<b>COOPERATION WITH OTHER DONORS.....</b>	<b>9</b>
<b>POLICY ANALYSIS AND ADVICE .....</b>	<b>10</b>
<b>INFORMATION GATHERING AND OUTREACH.....</b>	<b>11</b>
<b>PHASE II WORK PLAN AND MEMORANDUM OF UNDERSTANDING.....</b>	<b>12</b>
<b>LESSONS LEARNED FROM PHASE I AND ISSUES FOR PHASE II.....</b>	<b>12</b>
<b>ANNEX 1. PHASE I DELIVERABLES.....</b>	<b>15</b>
<b>ANNEX 2. PROJECT STAFF AS OF THE END OF PHASE I, AUGUST 28,2001 ..</b>	<b>17</b>
<b>ANNEX 3. PROJECT PAPERS PREPARED DURING PHASE I.....</b>	<b>18</b>
<b>ANNEX 4. PROJECT TRANSLATIONS.....</b>	<b>21</b>
<b>ANNEX 5. MAJOR MEETINGS AND TRAVEL DURING PHASE I.....</b>	<b>28</b>
<b>ANNEX 6. ON THE AUTHORITY OF THE GEORGIAN MINISTER OF AGRICULTURE AND FOOD TO SIGN THE MEMORANDUM OF UNDERSTANDING BETWEEN THE US AND GEORGIAN GOVERNMENTS.....</b>	<b>30</b>
<b>ANNEX 7. DECREE OF PRESIDENT OF GEORGIA DIRECTING SIGNATURE OF MOU WITH USAID .....</b>	<b>32</b>
<b>ANNEX 8. INSTRUCTION OF PRESIDENT OF GEORGIA ORDERING MINISTER OF AGRICULTURE AND FOOD TO SIGN MOU WITH USAID.....</b>	<b>33</b>
<b>ANNEX 9. ABBREVIATIONS.....</b>	<b>34</b>



## **Mission**

To assist the transformation of the Ministry of Agriculture and Food of Georgia into an effective, honest agency that facilitates increasing the welfare of the country's agri-food producers and consumers.

## **Major Achievements During Phase I**

During its first phase, the Ministry Restructuring and Policy Advice Project:

- Completed a diagnosis of organizational difficulties of an unreformed, dysfunctional and highly corrupt ministry
- Led organization of World Bank effort ("Risk Assessment Exercise") to inventory and assess all local assets of Ministry, resolve outstanding legal issues resulting from economic and political transition, incompetent management in 1990-2000
- Provided support to ministry to meet conditions of European Commission Food Security Program (support for national budget of Georgia), including redrafting of sector strategy
- Provided information, translation assistance, advice and "good offices" for Ministry in dealing with many international donors and programs, including resumption of US 416(b) grain aid
- Provided continuing policy advice and information to Minister and his deputies on a wide variety of issues
- Provided extensive legal drafting assistance to Ministry
- Supported creation of a new "internal control" department in the Ministry
- Supported development of Ministry's public information activities, including a daily survey of the local press on agricultural-related issues and periodic surveys of new agricultural-related legislation
- Began legal and financial audit of the 29 distinct operating units of the national-level Ministry
- Systematized and corrected records of 90+ "limited liability companies," corporatized former units of the Ministry that remain 100% state-owned although they are now legally private, for-profit companies
- Began study of grain market, grain trade in Georgia, focusing on sale of donor-provided commodities (several research papers on this subject have been completed and await editing before being distributed)
- Completed and negotiated approval of phase II work plan and memorandum of understanding with Ministry

## **Project Background**

The present Ministry of Agriculture and Food of Georgia (MAF), chartered by a Presidential decree of December 1, 1997, is the latest incarnation of an institution which has existed, in one form or another, throughout almost the whole Soviet and post-Soviet period, and which has always been primarily concerned with directing agricultural production. The Ministry is organized hierarchically with smaller versions of its major departments located in each district of the country. As a consequence of the breakup of the Soviet Union and, in Georgia, the extensive civil conflicts that accompanied and followed that disintegration, however, the Ministry has largely lost control of “its” subordinated units.

The USAID-supported Ministry activity responds to Georgian Minister of Agriculture and Food David Kirvalidze’s October 2000 letter requesting donor support for a “temporary agricultural policy analysis group.” The Minister’s original request to donors asked for help in establishing an agricultural policy analysis unit of a sort that have been funded by various donors in many of the transition economies of Central Europe and the former Soviet Union.<sup>1</sup>

### **Agricultural Policy Units:**

- help develop and implement market-oriented agricultural policy;
- train their staff in Western analytic techniques and approaches;
- serve as points of contact between donors and recipients; and
- act as catalysts in transforming the structure and functions of government agencies concerned with agricultural policy.

Successful agricultural policy units such as the Polish SAEPR drive overall agricultural reform in their country. Like all public policy activities, they blend quality research, data collection and analysis with policy advice and advocacy that flows organically from their attempts to carefully and critically understand the real situation and issues in the sector, to develop policy alternatives to address those issues, and to dispassionately present the costs and benefits of those alternatives to policy-makers. Although initiated and supported by donors, APUs are locally-run and managed, and do not work if they do not eventually acquire value and importance in the eyes of the country’s agricultural policy-makers.

The World Bank responded to the Minister’s request by suggesting support of an agricultural policy analysis unit through an “Institutional Development Funds” (IDF) grant. An application for IDF monies now under review within the World Bank would provide for two years of support for a group of ten professional staff, with associated equipment and operating costs. The draft IDF proposal anticipates that the USAID-funded expatriate advisor from the Ministry Restructuring Activity would provide day-to-day management and advice

<sup>1</sup> The most successful APU and the model for others is the Agricultural Policy Analysis Unit of the Foundation for Assistance Programs to Agriculture (SAEPR) in Poland which is supported by the World Bank, the European Union PHARE program and the Polish government. APUs are also functioning in Ukraine, Latvia and Bulgaria. Attempts to establish them were made, unsuccessfully, in the Russian Federation by the EBRD and in Uzbekistan by Tacis, and efforts to establish one are reportedly underway now in Romania. One of the three principal recommendations for advancing agricultural sector reform in Georgia made by the Polish analysts led by Leczek Balcerowicz in the spring of 2001 was for the establishment of such a unit in the Georgian MAF (Ryszard Brzezicki, “Proposal of Recommendations in the area “agriculture,” (Tbilisi: CASE, fax, July 19, 2001).

on substance for this group, although the Bank does not provide any funding for this expatriate advisor. The date this activity would begin operations is not yet clear.

The Ministry of Agriculture and Food also requested assistance from the donors, including USAID and the World Bank, in carrying out an inventory and audit of its assets, many of which had been partially privatized or otherwise distanced from its control in the 1990s. In response to a letter from Minister of Agriculture and Food David Kirvalidze to Mr. Iain Shuker of the Bank of January 10, 2001, and subsequent discussions at a working level between the Ministry Activity and World Bank personnel, the Bank has agreed to provide a second group, to be funded from its Agricultural Development Project loan, to carry out a “Risk Assessment Exercise” (RAE) over an eight-month period. As of the date this report is completed, the application deadline for employment in the RAE has just closed. It is expected that that effort will be in full operation in mid-December 2001.

### **Strategy for Ministry Reform**

The strategy for reform worked out by the MAF leadership and the project starts from the fact that because the MAF is a sectoral Ministry, not a functional one, its difficulties can only be resolved by many coordinated actions. No single change or remedy can fundamentally reform the Ministry in the way that a similar drastic alteration could affect the operations of a functional agency such as the Ministry of Tax Revenues or the Customs Service. Ill-considered or hasty reforms could make the situation much worse, since some of the Ministry’s missions, such as monitoring of food safety and animal disease, are fundamental to maintaining the polity and society. For instance, failure to carry out reported vaccinations against anthrax or dishonest monitoring of cattle for signs of BSE or other diseases can have effects far beyond the immediate ones of enrichment of particular corrupt individuals.

Many of the Ministry’s problems are structural, resulting from the Soviet system, and as such must be common to all Ministries in Georgia and the other states of the former Soviet Union. They are more obvious here simply because a minister from a new political generation has called attention to them and asked for help in resolving them.

As the “Assessment Of The Ministry’s Structure, Staffing And Functions” prepared during Phase I argues in more detail<sup>2</sup>, the Ministry of Agriculture and Food of Georgia suffers from a number of underlying problems.

1. The Ministry has been a Soviet-style organization operating in a Soviet-type government. That is, missions, procedures and mindsets have remained those of the Soviet command economy. Moreover, employees have continued to behave in Soviet ways, hoarding information, failing to report fully and truthfully to their superiors, and generally not acting as a cohesive organization with a common mission—and common threats and possible penalties (i.e., unemployment) if the organization’s core missions have not been reasonably well fulfilled.
2. The Ministry has had no effective internal control or management procedures, both because the Ministry has continued to operate as part of a single command-economy structure in which organization boundaries are fluid and have little meaning, and perhaps because those management checks and balances used to be provided by the

---

<sup>2</sup> Don Van Atta, “Assessment Of The Ministry’s Structure, Staffing And Functions” (Tbilisi: March 23, 2001).

parallel organization of the Communist Party, and no new procedures or institutions have yet evolved.

3. The Ministry has been almost entirely irrelevant to the political, administrative, and governmental needs of a successful market economy. Most of the work the MAF has done is not done at all, or is performed by the private sector or other political bodies, in developed market economies. Much of the basic work of ministries of agriculture in OECD countries, particularly market development, general research and data collection and dissemination, and agricultural extension, has not been done at all by the present MAF.
4. Despite its origins in the command economy, the MAF possesses little systematic information about its sector. In this regard, it is probably worse off than any other FSU Ministry of Agriculture. Nor does it possess a culture which values systematic, consistent and careful data or the research skills needed to generate such data and draw policy conclusions. As a result, it is very poorly equipped to serve its clients, whether agricultural producers or consumers in ways that they would be likely to see as valuable.
5. The MAF's capacity to absorb donor assistance usefully, or even to track it properly, has been overwhelmed. With the possible exception of World Bank efforts, every donor project that has been implemented in cooperation with the MAF since Georgia regained its independence has been under- or mis-managed in such a way that the present Ministry leadership identifies it as a problem, in some cases involving significant legal and financial liabilities for the MAF and the Government of Georgia.
6. Because of the particular history of post-Soviet Georgia, including three wars on its territory in ten years and continuous low-level conflicts, the Ministry of Agriculture and Food has been seen more as a political resource to be used in holding together elite political coalitions and a source of "pork-barrel" benefits for particular interests and regions than as a governmental institution with a mission of serving all the citizens of the country.
7. As a result of these conditions, the present Ministry leadership was, for the first year after its appointment in June 2000, almost entirely occupied in trying to understand the dimensions of the mess it had inherited, and so had been unable to concentrate on redesigning the Ministry or providing better service to their clients.

The assistance provided through the present activity seeks to help the Minister define how the MAF should look as an institution at the end of the process of reform as well as to achieve that institutional transformation. The restructuring is being done in a way that maintains Georgian "ownership" of the activities and their results. Maintaining and increasing the Georgian side's commitment requires adjusting to a complex and shifting political and economic situation.

### **Project Inception and Organization**

The Ministry Restructuring and Policy Advice Project, implemented by Development Alternatives, Incorporated, as a task order under the USAID BASIS indefinite quantity contract, began in December 2000, when the USAID mission arranged an initial two-week



visit to Georgia for Dr. Don Van Atta, whom DAI had proposed as the expatriate advisor for the activity, to meet the Minister and assess the situation. During that initial visit, in addition to several meetings with the Minister of Agriculture and Food and key Ministry staff, Dr. Van Atta attended a two-day seminar, organized by the USAID Public Education Project (Overseas Strategic Consulting, Ltd.) in the Georgian mountain resort of Bakuriani at which the Minister presented his proposals for agricultural tax reform.

The project began full operations February 3, 2001, when Dr. Van Atta returned to Georgia for the duration of phase I. The task order provided that a Georgian professional staff of five-six people (15-20 person months in a four-month phase I) and a similarly-sized support staff should be utilized during phase I. Within the first month, terms of reference for that staff were developed and agreed with the Minister, recruitment of initial staff was announced and begun, and work on the assessment of the Ministry's structure and needs was well under way.

After ten years of war and budget crisis, the Ministry's physical facilities were in a critical state, with frequent electrical outages, no central heating system and many broken windows. Furniture and furnishings had not been upgraded or renewed since the end of the 1980s, and office supplies and other requisites for administrative work were nonexistent. As mandated by the Georgian government, average salaries in the Ministry amounted to approximately 50 Georgian lari (GEL) per month, with the Minister's own salary limited to 165 GEL per month. Several months of salaries had not been paid under the previous Ministerial leadership, although current salaries have been paid on schedule under Kirvalidze. Although the "Ltd Economic Services," the "corporatized" building maintenance unit of the Ministry, showed 21 computers on its inventory, only 12 of those were in fact in operating condition, and those were subject to seizure as a result of an ongoing legal dispute between the Ministry and another one of "its" corporatized units. Therefore, although the Ministry provided temporary office space in its press room and a vehicle for the restructuring activity as promised in the Task Order, it also became necessary for the project to outfit office space in the Ministry. Work to do that was also begun during the first month the project was in operation.

From the beginning, the effort has been principally driven by the Minister's requests and plans. A great many previous donor studies of how various units of the Ministry might be improved already exist (see the list of works cited in the "Assessment of the Ministry" for some examples). In order not to duplicate that work, the assessment efforts of the project took a public-administration and organizational-behavior approach, focusing on the Ministry's general capacities and structural problems. A second important underlying issue in developing the assessment of the Ministry and plans to restructure it was the political feasibility of those plans in a complex and unstable environment. The analysis and design effort, like the project as a whole, was principally driven by the aims of the Georgian recipients in order to insure that they maintained ownership of the effort.

The Task Order also specified the restructuring effort should finance and carry out a tender for a major audit of the Ministry during phase I, as well as training some Ministry staff in International Accounting Standards. It quickly turned out that this intention was not entirely practical. The Ministry wished to carry out an investigation of previous difficulties, a process of "forensic auditing," not a simple audit of its books—which hardly exist. Moreover, Georgian accounting standards for governmental agencies are set by the Ministry of Finance and differ both from Georgian standards for private enterprises and IAS. Fortunately, as a result of discussions between the restructuring effort's senior technical advisor and the World

Bank project managers for the Georgian Agricultural Development Project, it was agreed that the World Bank would finance a forensic auditing exercise from its ADP. During phase I of the restructuring effort the project staff worked closely with World Bank staff develop and define this effort, and the final version of the terms of the reference for the “Risk Assessment Exercise” and its final budget were heavily influenced by the restructuring effort’s senior advisor). As this exercise was being developed, the restructuring project moved within its first month to provide a lawyer skilled in untangling contractual disputes and a trained auditor to the Ministry to begin examining past problems in preparation for the broader Bank-financed effort.

Although all deliverables required during the term of phase I were prepared and presented to USAID Caucasus as required by the task order, final contracting of phase II was delayed by three months, during which time the restructuring project maintained its staff and presence in the Ministry through a series of no-cost extensions involving severe cost-cutting measures, including a three-week unpaid leave taken by the senior advisor in June 2000. It was inadvisable to shut down the project for those months for a variety of reasons, including the loss of staff capacity already established, the public relations impact of closing down an effort that, although not widely publicized, was understood by Georgian officials as a key element of US support for Georgian efforts at reform, and the loss of work momentum that would have resulted.

Phase I ultimately ran through August 27, 2001. A contract modification covering Phase II of the activity through August 28, 2002, was completed by USAID on August 27, 2001. This report covers the entire period of phase I.

During phase I, the restructuring project concentrated on six principal activities:

- Direct support for ministerial restructuring
- legal and auditing advice and assistance to resolve outstanding risks to the Ministry
- donor coordination
- Policy advice and analysis
- Information gathering and outreach
- Phase II work plan and MoU development

The following sections of this report describe each of these activities in more detail.

### **Ministry Reorganization During Phase I**

As the intensive schedule of deliverables for phase I of the Task Order required, the principal focus of the activity during the first four months of work was the development of an overall strategy for reorganization (for the full schedule of phase I deliverables, see annex 1). This work was based on an organizational analysis of the Ministry and intensive conversations with the Ministry leadership in order to understand what they had done, were doing, and wished to do in the Ministry.

The national Ministry consists of a central apparatus directly subordinate to the Minister, and a conglomeration of highly-autonomous “state-subordinated departments,” “privatized” (but 100 percent state-owned) “limited liability companies” and “joint-stock companies” formed from bits of the Ministry or, in some cases, by Ministry employees in order to acquire Ministry resources. This structure required that the Minister and his supporters take control

of the parts of the organization which he could directly control, while collecting information and laying the groundwork for coping with the autonomous units.

Georgian law is, of course, highly imperfect and in flux. However, it was also very important that all measures taken to reorganize be based on the best available legal advice from attorneys familiar with the Georgian governmental system but without a vested interest in the existing structure. As a result, the project quickly moved to hire its own staff attorneys, and those attorneys were independently assigned to examine the basic legal issues raised by the restructuring effort.

This strategy of starting with the relatively small-sized central apparatus and developing a strong project legal team not only seemed reasonable in itself, but also avoids two of the major mistakes identified by KPMG Barents Group in its self-assessment of its efforts to reform the Ministry of Tax Revenue. According to that project's management, two of the major problems encountered in the MTR were lack of support for reform from the Ministry's Central Apparatus and upper-middle management and shifting, contradictory legal advice provided by the Ministry's legal counsel.<sup>3</sup> Furthermore, the MAF restructuring effort relied heavily on a committed local staff, selected in close cooperation with the Minister to do much of the restructuring work, with expatriate management limited to overall policy determination. Although reliance on local staff can and does have real costs because they must learn by doing, they are generally much more likely to be effective in the day-to-day work of restructuring because they do not face barriers of language or culture to the extent even the best-trained and prepared expatriates do. Although everyone in the Ministry is aware that the restructuring effort is a "foreign" activity, moreover, extensive use of local staff in leadership roles also reduces the visibility of the donor and the contractor, making it less likely that the restructuring effort will come to be seen as something imposed by foreigners.

Following the development of the organizational diagnosis in the "Assessment" of the Ministry and extensive discussion with the Ministry leadership, an independent re-analysis of the legislative requirements for Ministry restructuring was carried out by project attorneys and the staff attorney for the European Commission Food Security Program. This analysis indicated that the alternative of simply dissolving the Ministry and starting over, while attractive and seemingly simple, would not be feasible or desirable and also emphasized a number of timing constraints and requirements.

The initial restructuring step was to reduce the number of departments in the Central Apparatus from eight to four. Doing so required that a presidential decree be written and signed. Changes within those departments could then be legislated by the Minister on his own authority. President Shevardnadze signed the appropriate order on May 20, 2001. In early June, the Ministry established a reorganization commission, supported by project staff, to guide the general restructuring efforts (MAF order 2-88, June 4, 2001).

During the summer, new department heads were then appointed to the four main departments by the Minister. These department heads were immediately charged to produce new charters specifying the powers and duties of their units, and the heads of main subordinate units were also required to produce new charters for themselves. These documents, drafted in June and

---

<sup>3</sup> KPMG Barents Group, "Tips, Traps and Tales of Testing in the Tax Department of Georgia (Work-in-Progress)," (Tbilisi: USAID Fiscal Reform Project—Georgia, March 22, 2001).

July by the individual new department heads with little or no consultation outside their new units, turned out not to be particularly well done. They were poorly written, contradicted one another, and often seemed aimed to make it difficult to determine just what the unit was responsible for, presumably in order to avoid later blame for failure. As a result, at the request of the project management, the process of confirming the charters was held up through August while comments were prepared by the project staff and revisions, especially to make the documents consistent with one another, were proposed. Many, although not all, of the changes proposed were accepted.

The new structure of the Ministry's central apparatus concentrates housekeeping and management functions, as well as a newly-created internal audit unit, in an "apparatus of the Ministry" whose head reports directly to the Minister. The Department of Food Processing remains largely unchanged, and, like the Department of Agricultural Production Services but probably inevitably in a time of transition and crisis in the country's agricultural sector, retains much of the old emphasis on administrative oversight of production. The Department of Agricultural Policy and Strategy includes the groundwork for a research, statistical analysis and educational unit. Confusingly, however, it also includes the department responsible for privatization, those units concerned to develop the Ministry's budget, and the Ministry's own accounting department. (Despite enormous efforts by the EC Food Security Program to develop a new budgeting system in the MAF, that work remains incomplete. In particular, the idea of using a budget as a forecasting tool is not yet well understood. This is not surprising given the Ministry's irregular and uncertain funding and its purely retrospective accounting system which cannot track or forecast commitments of funds as opposed to expenditures already made.) The International Relations Department also remains essentially unchanged for the present.

The structure established this summer is clearly an interim one in two senses. The organizational structure is still in flux. Moreover, pending the general review of all personnel to be completed by the end of December 2001, much of the old staff remains. Georgian law specifies that personnel reviews must be undertaken under a given, rather deliberate timetable, and that all units in the organization to be reviewed must be reviewed as part of the same process. Therefore, for example, it has not been possible to review and restructure the legal and personnel departments, keys to carrying out an overall personnel evaluation, in advance of the overall review. As result, by the end of Phase I of the project, the MAF was relying heavily on project staff to carry out legal and personnel work needed for the restructuring.

Similarly, the project auditor, Otar Chigladze, had by the end of phase I revised and checked almost all the MAF's basic accounting documents, and was well on the way to redoing all its accounts. The Ministry's bookkeeping department is particularly difficult. Soviet-style accounting, and the government-wide accounting standards mandated by the Ministry of Finance, were far different from modern international ones. The Ministry accounting department, moreover, had no culture of concern for errors, and both the accounts it receives and those it consolidates are riddled with arithmetic errors. Moreover, since the Ministry had only a list of requests for financing from its departments, but no real budget or budgeting process until the FSP began its efforts to introduce one, the accounting function and the Ministry Bookkeeping department are almost entirely disconnected from the budget. A TACIS project aimed to build on the FSP efforts is now attempting to introduce better budgeting procedures, but its success is uncertain. As a result, by the end of phase I the

restructuring project was carrying much of the burden of the Ministry's accounting, a situation understandable in the short run but unsustainable over more than a few months.

One of the most important changes in the new Ministry structure is the creation of an internal audit department. The creation of this unit, originally recommended by the EC FSP advisor, has been supported by the project with the assignment of several staff to work closely with it. By the end of Phase I, in their first assignment, picked for its training value, the internal control unit had discovered that the "Revival of Rural Sports Society" and "Revival of the Village" Foundation, which had been carried on the Ministry's books as Ministry structures reporting to a deputy minister and to which substantial transfers of funds had been made under the previous leadership, were in fact private entities founded and owned by individual ministry employees. Although no recovery of the funds transferred by the Ministry to these groups before June 2000 seemed possible, a long-term lease for a prime Tbilisi building at the rate of twenty-five US cents per square meter per year, concluded between the groups and the "Economic Services" limited, the corporatized Ministry building services department, had been quashed and the groups removed from the Ministry's organization chart.

### **Resolving Outstanding Risks to Ministry**

As the story of the "Revival of Rural Sports" Society suggests, the MAF has come to be surrounded by organizations and entities of dubious provenance and opaque management. Some of this fog has been intentionally created. In earlier years, the Ministry, and apparently the Georgian government as a whole, was advised to spin off as much as possible of its apparatus into new "corporate" forms, presumably in preparation for full privatization. As a result, the Georgian government is rife with "limited liability companies," 100 percent state-owned entities that are often effectively managed for the benefit of their managers (and sometimes the ministers concerned), not the ministry or the government which formally controls them.

One reason for this situation is that the "Ltds" provide sources of funds off the books. When budget payments to government agencies are made extremely irregularly and salaries are so low as to make it impossible to retain competent staff, these organizations provide sources of cash to ministries that can be used to meet immediate expenses, top up salaries, and otherwise fill holes in day-to-day operation. However, their opacity makes such organizations very vulnerable to abuse, and they have often served as conduits for asset-stripping from the government.

For instance, the former Grain products department of the Ministry was corporatized into the "Ltd State Reserve Board" in 1999.<sup>4</sup> This "Ltd" was given sole responsibility for handling, storage and sale of the country's imports of foreign assistance grain, as well as maintaining its legally-required consumption and military mobilization reserves. The former Minister of Agriculture and the director of one of the country's most important grain mills were appointed to its board, as was, apparently in order to make the new unit more acceptable to donors, a TACIS consultant. The board then proceeded, at the request of the Ltd's management, to essentially abdicate all managerial responsibility to the Board's three managers, who in turn were allowed to claim for the Board at least twenty percent of the entity's gross revenue. They also seem to have been happy to provide themselves with substantial performance bonuses. With the support of the project, this management was

---

<sup>4</sup> The history is murky. A previous "State Grain Products and Poultry Industry" company is still undergoing liquidation. It is unclear how that agency related, if at all, to the State Reserve Board.

voted out in April 2001. However, legal defects in the procedure allowed one of the previous three managers to remain in office, and, although revenues from the SRB are now being reported more properly and returned to the use of the government rather than leaking into private hands, the SRB structure remains far from ideal.

One of the largest Ministry of Agriculture and Food special accounts grew out of a project, begun in 1996, to support Georgian agriculture using the proceeds from sale of European Union agricultural commodities in Georgia. These funds were gathered into a “counterpart fund” managed by the Ministry. When the new Ministry management assumed office in mid-2000, they discovered that this fund, intended as a revolving loan arrangement, was empty. Analysis of the documents carried out by a restructuring project lawyer and accountant at the request of the Ministry showed that the previous Minister had first redefined the designated uses of the fund to allow money to be allotted as he pleased. Loans and grants were made on the basis of orders signed by the Ministry. In several cases, the Minister directed that funds be transferred to a ministry-spin-off limited liability company (or, in one case, an Ltd formed by individual ministry employees with the same name as a previous ministry unit) for subsequent use to pay private entities. Much of the documentation is in great disarray, and several of the deals have led to complicated litigation in which the Ministry is involved as a co-defendant or interested party because the initial recipients of the money, or the former Minister, had promised the ultimate recipients that further tranches would be forthcoming. The situation is complicated further because many of the needed documents have been missing, and records of previous actions in legal proceedings related to these matters are incomplete. It also appears that in many cases the Ministry representatives or the Ltd management involved simply conceded the “facts” of cases, leading to judgments against the Ministry when, had Ministry representatives sought to represent the interests of the government more actively, judgments would likely have been made otherwise.

During phase I of the project each of these cases was individually re-examined by a project staff member. Although it seems unlikely that much recovery is possible, the complex legal matters that have arisen from this affair have led to liens on Ministry property, public disputes, and a welter of claims that must be resolved if the Ministry is to function. Moreover, in order for the Ministry or the Georgian government as a whole to manage its budget competently, these old debts and claims must be resolved—probably, in most cases, ultimately by writing them off.

There are, unfortunately, many such cases involving the Ministry and “special accounts” or its relationship with its penumbra of parastatal organizations. The World Bank Risk Assessment Exercise, developed by the Bank, the Ministry and project staff in cooperation, will provide dedicated resources to resolve most of these issues.

### **Cooperation with Other Donors**

As the work noted above indicates, the Ministry Restructuring Project worked especially closely during Phase I with the EC Food Security Program technical assistance office in the Ministry. It also assisted the USAID agricultural sector evaluation team with data and information, held extensive discussions with a team evaluating fiscal reform efforts—emphasizing the need to coordinate work in reforming revenue-gathering and budgeting agencies with reform of spending units of the government such as the MAF. Project staff also worked with the Ministry in helping to improve the functioning of World Bank project units involved in agricultural projects.

Much of the legal work for restructuring during phase I was done in close consultation by Givi Merabishvili, now head of the Ministry legal department, Mamuka Matiashvili of the European Commission Food Security Program, and restructuring project attorneys. The legal drafts listed in annex 3 are generally their joint products.

### **Policy Analysis and Advice**

During an interview with USAID Caucasus mission management in December 2000, it was emphasized that the senior advisor for the restructuring project should develop a “special relationship” with the Minister. In fact, the restructuring advisor did provide what appears to have been useful advice in a number of instances during phase I, including help in preparing the Minister for trips to the United States and Brussels. During the Minister’s trip to the US the groundwork was successfully laid for a resumption of US 416(b) grain assistance to Georgia. The country’s priority for such aid for 2001 had been drastically lowered, perhaps in part as a reflection of American officials’ concerns that the former management of the State Regulatory Board had done a less than outstanding job in managing the Georgian side of the program. The restructuring project advisor also assisted the Minister in arranging a visit to Iowa State University during his US trip.

In addition to such individual policy advice, the restructuring project began a substantial program of policy research during phase I. This research was aimed both to accumulate information on subjects which experience indicates need study in transition economies and to respond to specific requests from the Ministry. One of the most important requests involved the completion of a national “food security strategy.” This work, originally undertaken by the European Union-funded RESAL in 1999, was incorporated in the EC Food Security Program conditions for 2001 and was required before 2001 tranches of FSP funds could be released to the budget. Dr. Alexander Didebulidze of the project staff managed the revision of the document as well as substantially reworking the Georgian translation. He also prepared an extensive paper in response to a set of policy questions drawn up by the Minister in preparation for his discussions in the United States.

In late 2000 and early 2001, the MAF staked a great deal of political capital on tax reform in the agricultural sector. This policy was based largely on recommendations by a RESAL consultant at a seminar in 2000, and involved replacing the welter of taxes to which primary producers are subject with a single tax on land. (Similar initiatives have been taken in Ukraine and the Russian Federation.) The minister also argued, based on claims made by Ministry staff, that substantial changes in the tariff regime for grain and flour were needed in order to improve the competitive position of Georgian flour mills and large bakeries.

Based on its previous studies, the EC FSP also included the introduction of the single agricultural tax in its 2001 conditionalities. This move was, perhaps, not well-advised, since the IMF had repeatedly and publicly indicated in 2000 that, although the Georgian tax code as recently revised was far from perfect, further changes in the country’s tax system should be avoided for the present in order to stabilize government revenues and improve the predictability of the environment for economic actors.

During Phase I, the project laid the groundwork for a study of the effects of agricultural unified taxes across Russia, Ukraine and Georgia. At the Minister’s request, it also re-examined the evidence on the effects of grain and flour tariffs. Because of problems with the data, this work was then expanded into a more general study of the country’s grain reserves,

carried out by Dr. Bidzina Korakhashvili of the project staff, and complete re-examination of price changes on the Tbilisi Grain and Edible Oil Exchange and the tariff situation by Rati Shavgulidze. The paper on the grain and flour duties and smuggling, provided by the Minister to the IMF, apparently helped to reduce tension over his proposed tax changes. The tax law was eventually changed to increase the value of production an individual farm could produce before falling into the VAT net and to otherwise institute the single land tax. That these issues were defused and could be presented by the Minister as policy “wins” for his constituents. However, they also suggest that much remains to be done to effectively coordinate donor actions on agricultural policy. The restructuring project will continue its efforts at improving data and coordination during phase II.

At the minister’s request, Didebulidze also located and arranged for the translation of the basic documents on the US Generalized System of Preferences, an import-duty reduction to which US President Bush added Georgia in July 2000. He provided an analysis of the likely effects of this change in US tariffs to the Ministry which was subsequently used by the Ministry in its continuing efforts to promote Georgian agri-food exports.

During Phase I project employees also worked with the Ministry and FSP staff to draft a new Georgian law on “biological farming.” This law aims to codify Georgian “ecological production” standards and turn the current shortage of chemical inputs into a selling point for Georgian agricultural products. The Minister particularly requested this work, which will continue. Project staff attorney Giorgi Dangadze led this drafting and research effort.

During May 2001 the Ministry completed the consolidation of two inspection agencies into one. This new agency is to be assigned responsibility for food safety. In mid-summer the Minister was also told to prepare a major policy speech on food safety and regulation for a forthcoming government meeting. Didebulidze has also coordinated this effort, including preparing several parts of the Minister’s draft report.

### **Information Gathering and Outreach**

An unglamorous but essential part of the project’s work has been the translation of materials on international agricultural and food policies for the Ministry. As annex 5 indicates, a great many documents have been put into Georgian to make them accessible to the Ministry and its staff.

Most efforts at public outreach by the Ministry have been assisted by the USAID Public Education Project. However, the restructuring effort, whose outreach coordinator, Giga Kurdovanidze, works closely with the Ministry press office, has participated in several major events during the period of Phase I, including a presentation of the results of the Minister’s first year in office and a seminar to discuss ministry restructuring plans for the media held at the Chakvi complex in Ajara. Mr. Kurdovanidze has also accompanied the Minister or one of his deputies on visits to the regions on a regular basis.

A daily survey of the local press on matters of interest to the MAF project has been prepared five times weekly in Georgian since March 1, 2001. This bulletin, which was originally aimed at Ministry management, has been translated into English with no more than a day’s lag since August 1, 2001. With the impending end of the OSC project and its media monitoring efforts, this product will be upgraded and distributed somewhat more widely.



## **Phase II Work Plan and Memorandum of Understanding**

A major focus of project effort during Phase I, of course, was preparation of the work plan for the next phase of the activity. The work plan, incorporating a restructuring strategy and expanded policy analysis efforts, was accepted by USAID as scheduled in the task order.

The project also drafted the initial version of a Memorandum of Understanding between the USAID and the Ministry. Although delivered to USAID on time, ironing out the details of this MoU turned out to take somewhat longer than might have been wished, in large part because the Minister went over the draft delivered to him by USAID Caucasus with unusual care, identifying a number of ambiguities and translation difficulties that had to be negotiated by the Mission and the Ministry. He also expressed appropriate concern about his authority to sign such a memorandum. The legal procedure for signature of an MoU was discussed in a memorandum prepared by project senior staff attorney Eka Otarashvili (annex 6). She also expertly oversaw the complex process of government approval that resulted in a presidential decree and a presidential instruction explicitly authorizing the Minister to sign the MoU (annexes 6 and 7).

## **Lessons learned from Phase I and issues for phase II**

Technical assistance activities should never be conditioned on the continued support of a single “reformer,” since the burden that places on the individual involved is very great. It is equally undesirable for a technical assistance effort to become a particular recipient’s “pocket project” dependent on that person’s good will and used for his own political purposes. However, it is clear that this effort came about because the Minister requested it, and it is his commitment to reforming his Ministry that makes the effort possible and appropriate. Without high-level support in the Ministry all that would be possible is more training and report writing—useful activities but not enough by themselves. Therefore, should the current Minister be replaced by someone who does not share his general viewpoint, the activity would have to cease operations in its present form.

Similarly, loss of the European Commission’s Food Security Program would be a disaster for the restructuring effort. Because the FSP covers so much of the current budget, there would be no alternative to a “crash” downsizing of the MAF should that funding cease or be redirected away from the MAF. The effect would probably be the destruction of the Ministry and the loss of those regulatory and health functions which it now performs, however poorly. Such an outcome would also have the effect of ending the restructuring activity.

In addition to the FSP funding, finding money to pay the costs of discharging employees will be critical. Georgian law requires that employees who lose their jobs be paid any wage arrears they are due plus the equivalent of several months’ severance pay. Although wages for the period since Kirvalidze became minister have normally been paid on time, there are still some arrears remaining from the period before he became minister for which the Ministry is legally responsible. Any wage arrears and severance legally due must be paid in full before an individual can be separated from the Ministry. Although the cost per employee for severance pay is not high, the aggregate is likely to be a substantial sum, and given Georgia’s straitened financial circumstances, obtaining any “extra” funding from the Ministry of Finance is likely to be a substantial challenge.

In the medium- to long-term, a reviving economy should make it possible for the Georgian government budget to provide these funds from tax revenues. Given agriculture’s importance

in the economy, Ministry restructuring can make a large contribution to creating such a virtuous circle of increasing revenues, improved compensation for Ministry employees, and more competent activity by the Ministry to serve the sector. However, if adequate funding cannot be found to maintain the staff in an interim likely to be several years long, most of the value of this restructuring activity is likely to be forfeited. The World Bank, which has apparently committed to provide similar funding in at least one other Georgian ministry, should be approached on this subject.

Aside from the problem of eliminating staff who are performing work not needed or even harmful in a market economy, the remaining staff and new employees must be almost completely retrained. New work habits, concepts of individual responsibility and methods for effective assignment and tracking of tasks must be learned. The senior Ministry staff currently delegates little or nothing to lower levels.

Although some, perhaps much of the current Ministry staff is dysfunctional, and some individuals will be unable to change the habits of work and ethical norms acquired from most of a lifetime under Soviet rule, much of the problem with ministry staff results from a lack of information and incentives to work differently. The demand for translations of US and EC documents from the Ministry, as well as the questions asked by Ministry staff, indicate that there is little understanding of how market economies actually function or what governmental agencies, including Ministries of Agriculture, do in developed market economies. Since the Ministry staff were trained in an entirely different system, those questions and misunderstandings are hardly surprising.

The real work of Ministry restructuring, therefore, is a matter of changing the workplace culture of the Ministry. In part this can be done by changing staff, but in large part it must be a process of patient education. Even if the entire existing staff were released and replaced, the replacements would have the same physical circumstances and cultural baggage. Only experience of living in a market system can ultimately instill new attitudes, and that experience requires time. The organizational structure of the central apparatus of the Ministry has been changed in a short time, but—as the problems of working out departmental charters shows—changing concepts of what those departments should do and, even more, transforming their actual day-to-day functioning will require much more effort and more time.

These difficulties are not surprising or unique to the Ministry of Agriculture and Food of Georgia. They are the usual problems of administrative and organizational change in all societies. A combination of care, patience, and political support from the organization's clients and political influentials can overcome such problems. The use of good, relatively young local staff, who share a language and many cultural assumptions with the Ministry staff to act as agents of change by demonstrating different styles of work and assumptions about their jobs is likely to be particularly useful.

At a more general level, the experience of Ministry restructuring raises fundamental issues about the relationship of government and society. To successfully emerge from the wreckage of the Soviet era, Georgia must develop an economy in which individual actors make decisions about what is most beneficial for them based on market signals rather than taking (or circumventing) orders from a hierarchical administration in which it is government's responsibility to order all economic activities. Public goods such as reliable information, effective regulation of quality, grades and standards are essential to a flourishing market

economy. So are speedy resolution of disputes and enforcement of judgments that are understood by all participants to be impartially arrived at since without such mechanisms transparent contracts among economic actors are impossible. The Georgian state cannot create a flourishing private economy by fiat, but if it continues to fail to effectively carry out its essential functions it can prevent one from emerging. The Ministry of Agriculture and Food cannot, and should not, directly organize food and agricultural raw material production, processing and distribution. But if it fails to create an environment in which producers can prosper and consumers can be reasonable sure of the quality and safety of what they consume, the Ministry can make certain that Georgia never has a flourishing agricultural sector and overall economy.

### Annex 1. Phase I deliverables

Due Date in task order	Date submitted	Deliverable in task order	Deliverable submitted
		Reports/informational memos (approximately 4-6) as agreed to and requested by the Minister.	
	March 22, 2001	Policy note	Van Atta, Schematic Functions of a Ministry of Agriculture in a Market Economy
	March 30, 2001	Policy note	Van Atta, restructuring of the Ministry's Central Apparatus
	April 14, 2001	Policy note	Van Atta, Comments on planned reorganization of Ministry Central Apparatus; follow -up to discussion of April 13, 2001
	April 26, 2001	Policy note	Van Atta, Ministry restructuring [need for 'housekeeping bloc']
	May 4, 2001	Policy note	Staff, The effects of changes in taxation on grain and flour smuggling
	August 17, 2001	Policy note	Van Atta, Proposed MAF FIMS
	August 20, 2001	Policy note	Van Atta, "Comments on the draft charter of the MAF International Relations Department"
	August 20, 2001	Policy note	Dangadze and Shavgulidze, "Proposal for Amendments and Addendums to the Charters of Departments Representing Ministry of Agriculture and Food Constituents
After 53 work days (March 23, 2001)	March 23, 2001	assessment report of the Ministry structure, staffing, and functions	Assessment Of The Ministry's Structure, Staffing And Functions
After 68 work days (April 11, 2001)	April 11, 2001	draft downsizing/reorganization strategy for the Ministry.	Draft strategy for restructuring the Ministry of Agriculture and Food of Georgia
After 83 work days	April 27, 2001	final downsizing/reorganization strategy	Draft Phase II work plan

(April 27, 2001)			
After 83 work days	April 27, 2001	draft downsizing/reorganization implementation plan, to include a draft contractor Phase II work plan.	Draft phase II Work Plan
After 83 work days	April 27, 2001	Terms of Reference for an Implementation/Monitoring Unit	Draft phase II Work Plan
After 103 work days (May 21, 2001)	May 20, 2001	final downsizing/reorganization implementation plan	Phase II work plan
After 104 work days (May 22, 2001)	May 20, 2001	memorandum of understanding for USAID and MOA signature, outlining responsibilities of each in an ensuring assistance period.	Draft MoU. (The MoU was then substantially modified by the Mission lawyer and in negotiations with the Georgian side over translation and other issues. It was signed August 24, 2001.)
After 114 work days (May 29, 2001; extended to end of phase I)		Phase I final report that includes an assessment of the activity as implemented, recommendations, and lessons learned. .	This report

**Annex 2. Project Staff as of the end of phase I, August 28, 2001**

Don Van Atta	senior (expatriate) advisor
Sandro Didebulidze	senior policy analyst
Bidzina Korakhashvili	senior policy analyst
Rati Shavgulidze	policy analyst
Eka Otarashvili	senior staff attorney
Giorgi Dangadze	staff attorney
Giorgi Misheladze	staff attorney
Irakli Inashvili	financial analyst
Otar Chigladze	financial analyst
Giga Kurdovanidze	outreach coordinator
Maka Babunashvili	press analyst
Vasili Bibiluri	computer systems administrator
Tinatin Tivadze	office manager
Giorgi Managadze	translator/legal researcher
Lika Margania	translator
Natia Gabelia	translator
Rusudan Arveladze	translator
David Beridze	driver

### Annex 3. Project Papers prepared during Phase I

(excludes specific deliverables listed in Annex 2)

Date	Type	Title	Author(s)	Language(s)
5/20/01	Presidential Decree	no 203, On amendments to MAF charter	Mamuka Matiashvili, Givi Merabishvili, Eka Otarashvili	Georgian, English
8/17/01	Presidential Decree	no 866, On the Memorandum of Understanding between the Government of the United States of America and the Government of Georgia	Mamuka Matiashvili, Givi Merabishvili, Eka Otarashvili	Georgian
8/17/01	Presidential Instruction	no 339, On authorizing David Kirvalidze [to sign the MoU]	Mamuka Matiashvili, Givi Merabishvili, Eka Otarashvili	Georgian
8/6/01	Draft Law or Regulation	Cover memo on Draft Law "Amendments to the Georgian Law on Food and Tobacco"	Mamuka Matiashvili, Giorgi Dangadze	Georgian
8/6/01	Draft Law or Regulation	Amendments to the Georgian Law "About Food and Tobacco"	Mamuka Matiashvili; Giorgi Dangadze	Georgian
8/14/01	Draft Law or Regulation	Comments on the suggestions of bio-farmers association "Elkana" concerning the law "about bioagroproduction and Certification"	Giorgi Dangadze	Georgian
8/17/01	Draft Law or Regulation	Law about implementation of bio-agroproduction and Certification.	Giorgi Dangadze; Marika Gelashvili; Mamuka Matiashvili	Georgian, English
8/20/01	Draft Law or Regulation	Comments on the draft charter of the MAF International Relations Department	Don Van Atta	Georgian, English
8/20/01	Draft Law or Regulation	Comments on the draft charter of department of agriculture and food strategy and policy	Don Van Atta	English
8/22/01	Draft Law or Regulation	Explanatory note to the law "about bio-agroproduction and Certification"	Giorgi Dangadze; Mamuka Matiashvili; Marika Gelashvili	Georgian
4/27/01	Legal Monitoring Report	Transfer of assets to the Academy of Agricultural Sciences of Georgia	Giorgi Dangadze	English
5/2/01	Legal Monitoring Report	Customs duties on imported wheat and grain products, 1992-2000	Giorgi Dangadze	English
5/8/01	Legal Monitoring Report	Ltd State Regulatory Board	Giorgi Dangadze	English
5/17/01	Legal Monitoring Report	List of presidential decrees and ordinances in the agricultural sector	Giorgi Dangadze	English

5/28/01	Legal Monitoring Report	Privatization legislation, 1991-2001	Giorgi Dangadze	English
7/29/01	Legal Monitoring Report	Orders of Ministry of finance of Georgia	Giorgi Dangadze	English
7/31/01	Legal Monitoring Report	List of Presidential decrees and ordinances in the Agricultural sector	Giorgi Dangadze	English
8/6/01	Legal Monitoring Report	Hierarchy and Relationship of Georgian Legal Acts and Regulations	Giorgi Dangadze	English
3/28/01	Legal Opinion	Legal Opinion on DAI registration	V. Botsvadze	Georgian, English
4/6/01	Legal Opinion	Legal Opinion on Ministry Restructuring	Mamuka Matiashvili, Eka Otarashvili	Georgian, English
4/14/01	Legal Opinion	Commentary on V. Botsvadze's legal opinion	Eka Otarashvili	English
4/19/01	Legal Opinion	Registration under Georgian Law	Giorgi Dangadze	English
5/18/01	Legal Opinion	Notes on Law on State Service	Eka Otarashvili	Russian
6/26/01	Legal Opinion	On the authority of the Georgian Minister of Agriculture and Food to sign the Memorandum of Understanding between the US and Georgian governments	Eka Otarashvili	English
7/16/01	Legal Opinion	Memorandum about the attestation to be implemented in the Ministry of Agriculture and Food of Georgia	Eka Otarashvili	Georgian, English
7/17/01	Legal Opinion	Scheme of the Implementation of the Attestation	Mamuka Matiashvili, Eka Otarashvili	Georgian, English
5/25/01	Letter	Questions and Remarks on Ukrainian Tax Proposal	Rati Shavgulidze	English
6/6/01	Other	"Recommendations" (talking points for Minister)	Alexander Didebulidze	Georgian
3/12/01	Policy Study	Tomato Grower Tax Burden Simulation Model	Rati Shavgulidze	English
5/2/01	Policy Study	Status of MAF press department	Giga Kurdovanidze	Georgian, English
4/20/01	Policy Study	Information about smuggled goods, their selling prices and anticipated fiscal effect in case of tax rate changes	Bidzina Korakhashvili	English
4/23/01	Policy Study	Process of Budget Development in the Ministry of Agriculture and Food of Georgia	Giorgi Dangadze	English
4/27/01	Policy Study	Regulation of Foreign Trade in Georgia	Alexander Didebulidze	English
4/27/01	Policy Study	USA investment, credit and aid for Georgian Agriculture and Food Industry	Alexander Didebulidze	
4/30/01	Policy Study	Georgia's supply of wheat and grain products - graphic	Bidzina Korakhashvili	English
5/3/01	Policy Study	Comments and questions on draft response to IMF on agricultural taxation	Rati Shavgulidze	English
5/14/01	Policy Study	"Counterpart Fund" Budget Review	Eka Otarashvili	English
5/15/01	Policy Study	Proposal for Establishing Statistics Department within the MAF	Rati Shavgulidze	English



6/10/01	Policy Study	Strategy to Implement Georgia's Food Security Policy	Alexander Didebulidze	Georgian
7/11/01	Policy Study	Wheat Grain Sector Analysis	Rati Shavgulidze	English
7/18/01	Policy Study	Criteria of Certification and inspection of organic products in the EU member countries.	Giorgi Dangadze	Georgian
7/19/01	Policy Study	GEORGIAN AGRICULTURE 2001: An Overview	Alexander Didebulidze	English
7/20/01	Policy Study	Oorganuli produqtebis gadamamuSavebeli sawarmoebis Sesaxeb [Organic processing enterprises in Europe]	Giorgi Dangadze	Georgian
7/23/01	Policy Study	Extension of US Generalized System of Preferences to Georgia	Alexander Didebulidze	Georgian, English
8/17/01	Policy Study	Agricultural Trade between Georgia and US, 1992-2000	Rati Shavgulidze	English
8/27/01	Policy Study	MAF Document Registration Procedure	Giorgi Managadze	English
4/10/01	Statistics	agricultural statistics for USAID agricultural assessment team		English
4/19/01	Statistics	Agricultural Statistics supplied to CASE		English
5/15/01	Statistics	Agricultural Production Data Requested by Matyas Walewski (CASE)	Rati Shavgulidze (editor)	English

#### Annex 4. Project translations

Date	Title/description	author	translator	source language	target language
3/4/01	If you steal 5 thousand ( <i>sakartvelos respublika</i> )		Gabelia	Georgian	English
3/6/01	Japan Grant ( <i>sakartvelos respublika</i> )		Gabelia	Georgian	English
3/7/01	Growing Pain ( <i>Agriculture and Technology</i> )		Margania	English	Georgian
3/7/01	Agenda of the Collegium Meeting	MAF	Margania	Georgian	English
3/7/01	7 March Press-Review	Tivadze	Gabelia	Georgian	English
3/8/01	articles on Kirvalidze's nomination as Minister of Agriculture and Food		Eka Mikeladze	Georgian	English
3/8/01	Biography of Bakur Gulua		Eka Mikeladze	Georgian	English
3/8/01	selection of articles on Bakur Gulua		Eka Mikeladze	Georgian	English
3/8/01	8 March Press-Review	Tivadze	Gabelia	Georgian	English
3/10/01	Fodder-basis organizational and agro-technical foundation		Gabelia	Georgian	English
3/10/01	10 March Press-Review	Tivadze	Gabelia	Georgian	English
3/12/01	Exemption from VAT		Gabelia	English	Georgian
3/13/01	Presentation material	MAF	Margania	Georgian	English
3/13/01	VAT	MAF	Margania	Georgian	English
3/13/01	Information/History of the MAF of Georgia	MAF	Margania	Georgian	English
3/14/01	14 March Press-Review	Tivadze	Gabelia	Georgian	English
3/15/01	Letters on Ltd "State Reserve Board"	MAF	Margania	Georgian	English
3/15/01	2000 Budget implementation of the Georgian Ministry of Agriculture and Food, Proved budget 2001 and the losses, caused by the lack of financing	MAF	Gabelia	Georgian	English
3/16/01	Subordinated Organizations	MAF	Margania	Georgian	English
3/16/01	proposals for phase II work	Otarashvili	Margania	Georgian	English
3/16/01	Extract from the Act of the Chamber of Control on Counterpart Fund	MAF	Margania	Georgian	English
3/16/01	15 March Press-Review	Tivadze	Gabelia	Georgian	English
3/16/01	16 March Press-Review	Tivadze	Gabelia	Georgian	English
3/16/01	subdivisions of Gori regional agricultural administration		Gabelia	Georgian	English
3/17/01	draft collegium decision on preventive veterinary activities	MAF	Margania	Georgian	English
3/17/01	Apparatus of the MAF of Georgia	MAF	Margania	Georgian	English

3/18/01	Identification of the problems	David Kirvalidze	Margania	Georgian	English
3/19/01	USAID Agricultural Sector Evaluation Team Request to the Ministry	Robert E. Lee	Margania	English	Georgian
3/19/01	19 March Press-Review	Tivadze	Gabelia	Georgian	English
3/20/01	Regulations of Economic Service Ltd	MAF	Margania	Georgian	English
3/20/01	20 March Press-Review	Tivadze	Gabelia	Georgian	English
3/22/01	Translation of WB statement responding to allegations of corruption in Irrigation Project PPU	World Bank	Margania	English	Georgian
3/22/01	22 March Press-Review	Tivadze	Gabelia	Georgian	English
3/23/01	The Minister for Reducing Taxes in Agri-Sector ( <i>Georgian Times</i> )		Margania	Georgian	English
3/23/01	Results of Drought ( <i>rezonansi</i> )		Gabelia	Georgian	English
3/27/01	Draft Employment Agreement	Van Atta	Gabelia	English	Georgian
3/27/01	The President Let Kirvalidze Down ( <i>rezonansi</i> 3/23/2001)	Mariana Imnadze	Gabelia	Georgian	English
3/28/01	Ltd Economic Services invoice for engineering work in project office	MAF	Margania	Georgian	English
3/30/01	Long Life to our Government! Long Life to Our Parliament! That Means Down with the Georgian Economy!! ( <i>alia</i> , 3/29/2001)	Revaz Sakevarishvili	Margania	Georgian	English
3/30/01	Staff Schedule 2001	MAF	Gabelia	Georgian	English
4/2/01	RAE Terms of Reference	Ranjan Ganguli	Margania	English	Georgian
4/2/01	Eastern Europe against BSE	News & Analysis	Margania	English	Georgian
4/2/01	Structure and Activities of the Ministry of Agriculture and Food of Lithuania		Gabelia	English	Georgian
4/5/01	Who Destroyed Babylon?		Margania	Georgian	English
4/5/01	BASIS Ministry Restructuring Task Order		Gabelia	English	Georgian
4/5/01	Lithuania Agriculture Ministry (organization chart)		Gabelia	English	Georgian
4/8/01	Healthy Food for EU Citizens, EU and Food Quality	European Commission	Margania	English	Georgian
4/9/01	Who wants to ruin the World Bank Project? ( <i>sakartvelos respubliki</i> , 3/13/2001)	Lia Chigladze	Margania	Georgian	English
4/9/01	The Great Truce: Expectations might come true in regard to the IMF making compromises ( <i>rezonansi</i> , 4/9/2001)	Maia Dzbirdzvelashvili	Margania	Georgian	English
4/10/01	MAF description		Margania	English	Georgian
4/10/01	IFAD in Georgia		Margania	English	Georgian
4/10/01	Agri-Sector Update tables		Margania	Georgian	English
4/11/01	Noghaideli and Kirvalidze Versus Shevardnadze ( <i>alia</i> , 4/10-11/2001)	Revaz Sakevarashvili	Margania	Georgian	English

4/11/01	MAF Assessment	Van Atta	Gabelia	English	Georgian
4/12/01	Draft Strategy for Restructuring the Ministry of Agriculture and Food of Georgia (4/11/2001)	Van Atta	Gabelia	English	Georgian
4/12/01	Draft project for the PR-Service of the MAF	Kurdovanidze	Margania	Georgian	English
4/12/01	Office rehabilitation estimate	Ltd Economic Services	Margania	Georgian	English
4/14/01	Memo on Ministry restructuring, follow-up to 4/13/2001 meeting	Van Atta	Margania	English	Georgian
4/15/01	MAF Charter		Margania	Georgian	English
4/18/01	Legal opinion about the Prospective Reorganization and Restructuring of the Ministry's Personnel at the Ministry of Agriculture and Food	Matiashvili, Otarashvili	Margania	Georgian	English
4/19/01	Growing Ambitions of Zurab Noghaideli ( <i>Georgia Today</i> )		Margania	English	Georgian
4/19/01	Agriculture production Indicators	Shavgulidze	Gabelia	Georgian	English
4/19/01	Trends in Crop production	Shavgulidze	Gabelia	Georgian	English
4/20/01	Gori Region AAF charter		Margania	Georgian	English
4/20/01	Information about smuggled goods, their selling prices and anticipated fiscal effects	Korokhashvili	Gabelia	Georgian	English
4/22/01	Desperate Farmers in Turkey Offering Their Villages for Sale ( <i>New York Times</i> , 4/22/2001)	Douglas Frantz	Margania	English	Georgian
4/23/01	Instruction#149 by the President of Georgia		Margania	Georgian	English
4/24/01	Invitation to CASE seminar 4/27/2001		Margania	Georgian	English
4/24/01	Drought 2000	MAF	Gabelia	Georgian	English
4/25/01	Foot and mouth Disease		Margania	Georgian	English
4/25/01	Saturday work (memo to project staff)	Van Atta	Margania	English	Georgian
4/25/01	Schedule for Kirvalidze visit to US	MAF	Margania	Georgian	English
4/25/01	Agriculture Production Value and Amount Indicators 1985-2000	MAF	Gabelia	Georgian	English
4/26/01	Ministry Restructuring (need for a "housekeeping bloc" in the Ministry)	Van Atta	Margania	English	Georgian
4/27/01	Trends in Agriculture Products and Value Added Products	MAF	Gabelia	English	Georgian
4/29/01	Regulation of Foreign Investment in Georgia	Didebulidze	Gabelia	Georgian	English
4/30/01	Rural Poverty (first 10 pages)	IMF Staff Paper	Gabelia	English	Georgian
5/2/01	Status of the Ministry Press Department	Kurdovanidze	Margania	Georgian	English
5/2/01	The Act of the MAF of Georgia	MAF	Margania	Georgian	English
5/2/01	Invoice from Ltd Economic Services for work on floor in project office		Gabelia	Georgian	English
5/2/01	Invoice from Ltd Economic Services for carpentry work in project office		Gabelia	Georgian	English

5/3/01	Poverty Rights and Land Titling	The Economist	Margania	English	Georgian
5/4/01	Draft Schedule of Phase II - Table in Excel	Van Atta	Margania	English	Georgian
5/4/01	Invoice from Ltd Economic Services for painting project office	Ltd Economic Services	Gabelia	Georgian	English
5/5/01	Finance and Economy ( <i>Economist</i> )		Margania	English	Georgian
5/6/01	Sugar Rules Defy Free-Trade Logic ( <i>New York Times</i> , 5/6/2001)	David Barboza	Margania	English	Georgian
5/6/01	Excerpts from Chamber of Control report on Ministry audit	Chamber of Control	Gabelia	Georgian	English
5/6/01	Letter from Ltd Economic Services on their rehabilitation work	Ltd Economic Services	Gabelia	Georgian	English
5/6/01	Invoice from Ltd Economic Services for work on floors in project office		Gabelia	Georgian	English
5/6/01	Indicators of total sown area	Shavgulidze	Gabelia	Georgian	English
5/7/01	Damage caused by the elements in May in Lagodekhi region	MAF	Gabelia	Georgian	English
5/7/01	Invoice from Ltd Economic Services for plastering in project office		Gabelia	Georgian	English
5/8/01	Suspicious Color Of the Dutch Potato from Akhaltsikhe (droni, 5/8/2001)	Sophiko Gunia	Margania	Georgian	English
5/8/01	Trends in Value added Production	Shavgulidze	Gabelia	Georgian	English
5/8/01	IMF Poverty Reduction Strategy for Georgia, Draft		Margania	English	Georgian
5/9/01	Trends in Cropping Ratio	MAF	Gabelia	Georgian	English
5/10/01	Lagodekhi Losses on May 7, 2001	MAF	Gabelia	Georgian	English
5/11/01	2001 Agriculture Sowing Program	MAF	Gabelia	Georgian	English
5/14/01	Letter to Iain Shuker	MAF	Gabelia	Georgian	English
5/15/01	Charter of the State Regulatory Board Ltd	MAF	Margania	Georgian	English
5/15/01	Letter to Matyas Walewski, CASE Georgia representative	Giorgi Iakobashvili	Gabelia	Georgian	English
5/15/01	Food Security document outline		Gabelia	Georgian	English
5/16/01	Legal opinion on corporate registration	V. Botsvadze	Gabelia	Georgian	English
5/17/01	Second draft local hire contract	Van Atta	Gabelia	English	Georgian
5/18/01	Letter from IMF ResRep to David Kirvalidze	Christopher Lane	Margania	English	Georgian
5/18/01	Commentary on the Legal Opinion of Botsvadze	Otarashvili	Gabelia	Georgian	English
5/18/01	USA Investment, Credit and Aid for Georgia's agriculture and food	Didebulidze	Gabelia	Georgian	English
5/20/01	Phase II draft work plan	Van Atta	Margania	English	Georgian
5/24/01	Commentary on draft charter of MAF foreign department	Van Atta	Gabelia	English	Georgian
5/24/01	description of activities of Agrobusiness bank		Gabelia	Georgian	English
5/25/01	The Draft for Presentation	Kurdovanidze	Gabelia	Georgian	English
5/28/01	Counterpart Fund	Otarashvili	Gabelia	Georgian	English

5/29/01	Anticipated effects of changes in grain and flour smuggling	Korokhashvili	Gabelia	Georgian	English
5/30/01	Excerpts from Terms of Reference, RARP I	TACIS	Margania	English	Georgian
5/30/01	Georgian President Decree No.236		Gabelia	Georgian	English
6/1/01	Acceleration of Privatization of grain product Enterprises		Gabelia	Georgian	English
6/5/01	MAF order 2-88, 6/4/2001 on Central Apparatus reorganization commission		Margania	Georgian	English
6/18/01	WB Credit Approved	press release	Margania	English	Georgian
6/22/01	Plant Protection Organizations (71 Pages)	European Plant Protection Organization	Gabelia	English	Georgian
6/25/01	Reply to a Letter from Mr. Costello	Kirvalidze	Margania	Georgian	English
6/26/01	European Plant Protection Organization - 7 Tables in Excel		Margania	English	Georgian
6/26/01	On the authority of the Georgian Minister of Agriculture and Food to sign the Memorandum of Understanding between the US and Georgian governments	Otarashvili	Gabelia	Georgian	English
6/29/01	Manpower Policy - Sustainable Development	MAF	Margania	Georgian	English
7/2/01	Agrarian Reform in Georgia (Tables included)	MAF	Margania	English	Georgian
7/2/01	Tax Study draft ToR (Georgian)	Van Atta	Gabelia	English	Georgian
7/3/01	Letter to Kirvalidze	Gocha Tsereteli	Gabelia	English	Georgian
7/4/01	Letter about the EU Food Security program	European Commission	Gabelia	English	English
7/5/01	EC annual report on BSE and FMD	EU Commission	Margania	English	Georgian
7/5/01	MAF letter on vehicle transfer		Gabelia	English	Georgian
7/9/01	DVA talking points for Kirvalidze 1-year presentation	Van Atta	Margania	English	Georgian
7/10/01	Speech by Will Bateson at Kirvalidze 1-year presentation	Will Bateson	Margania	English	Georgian
7/10/01	European Plant Protection Organization, Volume II		Margania	English	Georgian
7/11/01	List of invitees to MAF Monday planning meetings	MAF	Margania	Georgian	English
7/11/01	Comparison of equipment prices for media monitoring	Kurdovanidze, Bibiluri	Margania	Georgian	English
7/13/01	Report on Press Monitoring	Kurdovanidze	Margania	Georgian	English
7/14/01	EU Farmers Receive Simplified Direct Aid	European Commission	Margania	English	Georgian
7/15/01	Livestock and Production	European Commission	Margania	English	Georgian
7/17/01	Memorandum about attestation	Otarashvili	Margania	Georgian	English
7/18/01	This Gentleman Never Leaves the Ministry before midnight (sarke, 7/18/2001)		Margania	Georgian	English
7/19/01	Recommendations for Georgian Agriculture	Didebulidze	Margania	Georgian	English

7/20/01	GSP - Criteria	MAF	Margania	English	Georgian
7/20/01	Letter for the Minister	IMF	Margania	English	Georgian
7/20/01	CASE Recommendations for the Agricultural Sector	Ryszard Brzezski	Margania	English	Georgian
7/22/01	Food Safety		Margania	English	Georgian
7/25/01	Organization of European Plant Protection Organization Potential Member Countries Plant Protection Organizations (20 Tables)	EPPO	Gabelia	Georgian	English
7/26/01	Memorandum (about Georgian parliament resolutions)	Dangadze	Gabelia	Georgian	English
7/27/01	Tasks of the Plant Protection Organizations	MAF	Gabelia	English	Georgian
7/27/01	Bread and grain production data, 1985-2000 (table)	Khorokhashvili	Gabelia	Georgian	English
7/28/01	Presidential decree on amendments to MAF charter (5/20/2001)	MAF	Gabelia	Georgian	English
7/29/01	Ministry of Agriculture and Food of Lithuania	MAF	Gabelia	English	Georgian
7/30/01	Notes to Al Williams, USAID	Van Atta	Margania	English	Georgian
7/31/01	Paragraph from the Ministry Draft	MAF	Margania	English	Georgian
7/31/01	ToR, "Revival Of Rural Sport"	MAF	Margania	English	Georgian
7/31/01	Stable development of Georgian Agriculture (outline)	Didebulidze	Gabelia	Georgian	English
8/1/01	Report on the Seminar in Chakvi	Kurdovanidze	Margania	Georgian	English
8/2/01	July 2 MAF Monday planning meeting minutes	MAF	Margania	Georgian	English
8/2/01	list of presidential decrees		Gabelia	Georgian	English
8/2/01	newspaper article "Returned Minister from business-trip"		Arveladze	Georgian	English
8/2/01	Shevardnadze instruction 339 authorizing Kirvalidze to sign MoU with USAID		Arveladze	Georgian	English
8/3/01	Draft auditor ToR for RAE	Otarashvili	Margania	English	Georgian
8/3/01	Minutes of the first Meeting of the MAF attestation commission (7/3/2001)	MAF	Margania	Georgian	English
8/3/01	Death for pennies: People die from adulterated products, and no one is punished! ( <i>sakartvelos respublika</i> , 8/1/2001)		Margania	Georgian	English
8/3/01	Decree N.2-61 (About measures for carrying out 2001 spring tasks)		Gabelia	Georgian	English
8/4/01	AID comments on draft MoU with MAF	Joakim Parker	Margania	English	Georgian
8/4/01	Georgian presidential decrees on WB projects		Gabelia	Georgian	English
8/5/01	Georgian presidential Decree issued on November 17, 1997		Gabelia	Georgian	English
8/6/01	Georgian presidential Decree No.236		Gabelia	Georgian	English
8/8/01	Oscillation Plant for grain materials treatment	Didebulidze	Gabelia	Georgian	English

8/11/01	Media Monitoring		Margania	Georgian	English
8/12/01	MAF Department of Policy and Strategic Development Draft Charter		Arveladze	Georgian	English
8/13/01	MAF Draft Charter of the Department of Foreign Affairs		Arveladze	Georgian	English
8/14/01	MAF Draft Legal, parliamentary and legal-drafting service Charter 8/2001		Gabelia	Georgian	English
8/15/01	Draft Georgian Law On biological production and certification	Dangadze, Matiashvili, Marika Gelashvili	Gabelia	Georgian	English
8/18/01	Proposals for the Project Presentation	Kurdovanidze	Margania	Georgian	English
8/18/01	Draft Charter of the Agriculture and Food Strategic Development (first section)		Gabelia	Georgian	English
8/18/01	Charter of the Ministry Legal Department		Gabelia	Georgian	English
8/19/01	Charter of the Ministry Secretariat		Gabelia	Georgian	English
8/20/01	Commentary on the Charter of the MAF Foreign Relations Department	Van Atta	Gabelia	English	Georgian
8/20/01	Draft Charter of the Food and Food-Processing Department		Gabelia	Georgian	English
8/20/01	Draft Charter of Central Apparatus of MAF		Gabelia	Georgian	English
8/20/01	Draft Charter of the Ministry Apparatus		Gabelia	Georgian	English
8/20/01	Draft Charter of the Bookkeeping Department of the MAF		Arveladze	Georgian	English
8/20/01	Comments on the charter of the MAF department of strategic and policy development		Arveladze	English	Georgian
8/20/01	Shevardnadze decree 866 on signature of MoU with AID for restructuring project		Arveladze	Georgian	English
8/21/01	MAF draft Charter of the department of agricultural production service of the ministry of Agriculture and Food		Arveladze	Georgian	English
8/23/01	Law of Georgia "On Amendments to the Tax Code"		Margania	Georgian	English
8/23/01	On Ltd 'Kvali'		Dangadze	Georgian	English
8/23/01	Georgian President Decree No. 16		Gabelia	Georgian	English
8/27/01	EU Drought Rehabilitation Program, Final Report	European Commission	Margania	English	Georgian
8/28/01	Cooperation with China	Genadi Kerdzevzdze	Gabelia	Georgian	English



### Annex 5. Major Meetings and Travel during Phase I

Date	Meeting or Trip	Place	Project staff involved
12/23/00	seminar on MAF reform at Bakuriani for journalists	Bakuriani	Don Van Atta - Chief of Party
2/16/01	visit to Gori regional agricultural administration	Gori	Don Van Atta - Chief of Party, Giga Kurdovanidze - Outreach Coordinator, Natia Gabelia - Translator
2/24/01	Shervashidze trip to Bolnisi	Bolnisi	Tinatin Tivadze - Office Manager
3/15/01	MAF Collegium Meeting	Tbilisi	Don Van Atta
3/26/01	Kirvalidze trip to Signagi	Signagi	Don Van Atta - Chief of Party, Giga Kurdovanidze - Outreach Coordinator, Lika Margania - Translator, Tinatin Tivadze - Office Manager
3/29/01	general project discussion with Guy Jenkinson, EU FSP manager	project office	Don Van Atta - Chief of Party
4/13/01	presentation of Minister's ideas for Central Apparatus restructuring	Minister's office	Don Van Atta - Chief of Party
4/25/01	cooperation with OSC project	MAF, Tbilisi	Don Van Atta - Chief of Party, Giga Kurdovanidze - Outreach Coordinator
4/27/01	report on CASE (Balcerowicz) findings	CASE office	Rati Shavgulidze - Analyst, Bidzina Korakhashvili - Senior Analyst, Alexander Didebulidze - Senior Analyst
4/30/01	meeting of Founders of Ltd "State Regulatory Board"	MAF, Tbilisi	Don Van Atta - Chief of Party, Natia Gabelia - Translator
5/4/01	Shervashidze trip to monitor drought relief distribution	Ninotsminda, Akhalkalaki	Don Van Atta - Chief of Party, Giga Kurdovanidze - Outreach Coordinator
5/5/01	Shervashidze trip to monitor drought relief distribution	Dmanisi	Don Van Atta - Chief of Party, Giga Kurdovanidze - Outreach Coordinator
5/9-15/01	DAI Home Office technical backstop (US-based project manager) visits project	Tbilisi	Bob R. Walter – technical backstop (DAI)
5/12/01	Shervashidze trip to Dusheti to monitor drought relief	Dusheti	Don Van Atta - Chief of Party, Bob R. Walter - technical backstop (DAI), Giga Kurdovanidze - Outreach Coordinator
5/14/01	Shervashidze and Surmanidze visit Lagodekhi	Lagodekhi raion	Giga Kurdovanidze - Outreach Coordinator
7/11/01	RAE, IDF coordination	World Bank Resident mission	Don Van Atta - Chief of Party
7/14/01	Journalists Roundtable on Changes in the Tax Code	Chakvi	Tinatin Tivadze - Office Manager

7/25/01 - 7/28/01	seminar for press on MAF reform at Chakvi	Chakvi, Adjara	Don Van Atta - Chief of Party, Lika Margania - Translator, Tinatin Tivadze - Office Manager, Giga Kurdovanidze - Outreach Coordinator, Giorgi Dangadze - Lawyer
8/24/01	Kirvalidze visits Racha	Racha	Don Van Atta - Chief of Party, Natia Gabelia - Translator, Tinatin Tivadze - Office Manager, Giga Kurdovanidze - Outreach Coordinator

## **Annex 6. On the authority of the Georgian Minister of Agriculture and Food to sign the Memorandum of Understanding between the US and Georgian governments**

Eka Otarashvili  
June 27, 2001

The Georgian law “On international agreements” defines procedures for the conclusion of international agreements. An international agreement with a foreign government or international organization can be drawn up:

1. On behalf of Georgia as an Inter-State Agreement;
2. On behalf of the executive branch as an Inter-Governmental Agreement; or
3. On behalf of the central bodies of the executive branch as an Inter-Departmental Agreement.

A memorandum of understanding between USAID, on behalf of the US government, and the Ministry of Agriculture and Food, on behalf of the Georgian government, is an Inter-Governmental agreement.

Only the Georgian President and the Minister of Foreign Affairs can carry out all activities related to international agreements without specific authorization. Minister of Agriculture and Food David Kirvalidze needs specific authority to sign an agreement on behalf of the Georgian government. This authority must be requested from the Ministry of Foreign Affairs.

The law requires that the Ministry of Agriculture and Food request authorization to conclude the MoU in writing. The request must include the full text of the agreement in the foreign and Georgian languages, state the reasons for concluding the agreement and examine its potential legal, economic, financial and other implications.

The Georgian ministry of foreign affairs then determines if the translation is authentic. Since the Georgian translation in this case was done by a USAID mission translator, any changes in the substance or the translation which either the Ministry of Agriculture and Food or the Ministry of Foreign Affairs believe necessary must be agreed with USAID.

The Ministry of Foreign Affairs delivers the authenticated translation to the Ministry of Justice, which must certify that the proposed agreement is consistent with Georgian law.

Once any amendments have been agreed among the parties and the Ministry of Justice has indicated in writing that the agreement does not contradict the law the Ministry of Foreign Affairs arranges for the issuance of authority to sign the agreement.

Depending on the content of the agreement, the Minister of Foreign Affairs may issue an order, legalized by the foreign ministry, authorizing the signature of intergovernmental agreement on his own responsibility. In cases when the MFA judges it necessary, a presidential decree specifically directing the conclusion of the agreement is necessary before the MFA can authorize signature. The authorization must define the scope of the activity and the subject of the negotiation.

Once the Minister of Agriculture and Food receives written authorization to sign the MoU, he can do so.

The signed agreement is registered at the Ministry of Foreign Affairs and the Ministry of Justice.

Translated by Natia Gabelia

**Annex 7. Decree of President of Georgia Directing Signature of MoU with USAID****President of Georgia****DECREE***N-866 August 17, 2001 Tbilisi***On the Memorandum of Understanding between the Government of the United States  
of America and the Government of Georgia**

The Memorandum of Understanding between the government of the United States of America and the government of Georgia is to be signed.

E. Shevardnadze

[signature]

[sealed with chancellery seal number 4]

**Annex 8. Instruction of President of Georgia Ordering Minister of Agriculture and Food to Sign MoU with USAID**

**President of Georgia**

**ORDINANCE**

N-339

August 17, 2001

Tbilisi

**On authorizing David Kirvalidze [to sign an MoU]**

The Minister of Agriculture and Food of Georgia, David Kirvalidze, is authorized to sign the Memorandum of Understanding between the Government of the United States of America and the Government of Georgia.

E. Shevardnadze

[signature]

[sealed with chancellery seal  
number 4]

### Annex 9. Abbreviations

AAF	Administration of Agriculture and Food
DAI	Development Alternatives, Inc.
DAWE	Department of Amelioration and Water Economy
EBD	employee biodata form (USAID)
EC	European Commission
EU	European Union
FAO	United Nations Food and Agriculture Organization
FSP	EC Food Security Program
FSU	Former Soviet Union
GEL	Georgian lari (national currency)
GSP	Generalized System of Preferences (US tariffs)
GESP	Georgia Enterprise Support Project
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
MAF	Ministry of Agriculture and Food of Georgia
OECD	Organisation for Economic Co-operation and Development
RAE	Risk Assessment Exercise (WB project)
USAID	United States Agency for International Development
UNDP	United Nations Development Program
USDA	United States Department of Agriculture
WB	World Bank
WTO	World Trade Organization